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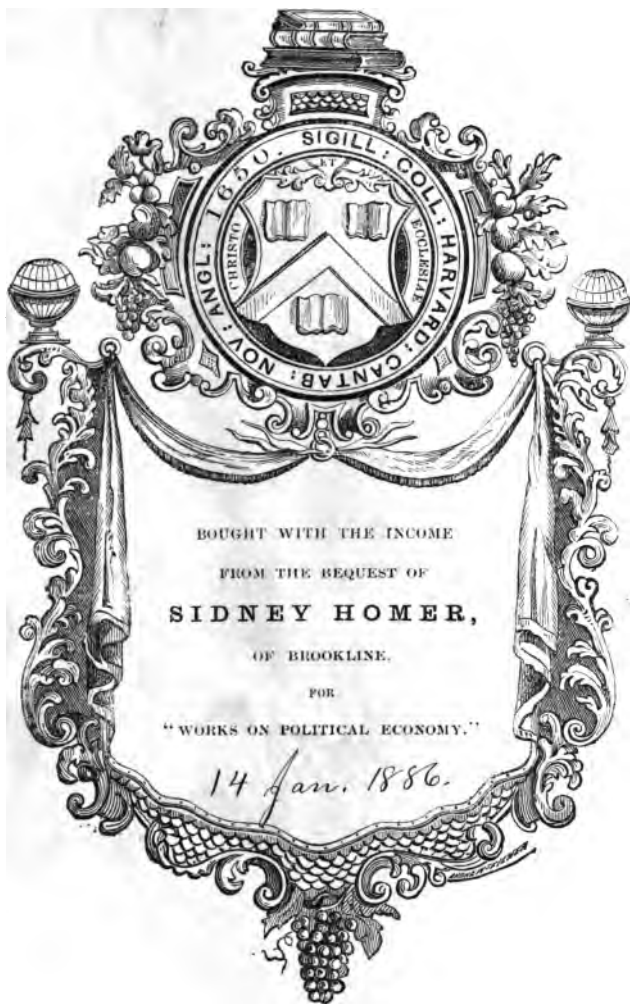
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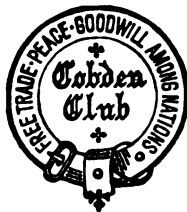
THE

TRADE DEPRESSION:

Its Causes and its Remedies.

BY

GEORGE W. MEDLEY.



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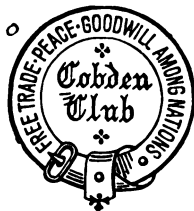
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P R E F A C E .

THE following essay was written early in the present year. The appointment of a Royal Commission to investigate the causes of the Trade Depression seems an opportune moment for its publication, and I therefore put it forth as a small contribution towards the discussion which is taking place.

According to the Memorandum of the Chairman, the inquiry into which the Commission is about to enter includes in its scope, not only the collection of evidence which shall deal minutely and exhaustively with the condition of trade and industry at home and abroad, but also an excursion over the whole field of Political Economy. It is hardly too much to say that an investigation carried out on the lines laid down, followed by a Report which shall deal adequately with the subject, would under any circumstances occupy several years, and that whatever may be the practical value of their labours, the Commission cannot reasonably look for a release from their task until the close of the century. Passing from this serio-comic business, however, I have to remark that our foreign trade figures for the first seven months this year show a falling off of £8,846,140, or 3·8 per cent. in our imports ; and of £16,142,978, or 9·2 per cent. in our exports, as compared with the figures for 1884. The falling off in our exports is serious, and demands some notice. Mr. Mongredien, in his pamphlet, *Trade Depression, Recent and Present*, lately published by the

Cobden Club, calls attention to the fact that the decrease in our exports this year is principally, if not entirely, due to the great falling off in our import of cereals last year. In 1884, when we had a good harvest, we imported $19\frac{1}{2}$ millions worth of wheat, oats, and other cereals, less than we did in 1883, and he points out that, as an ordinary trade transaction, there cannot be an export without an import, the fall in our exports this year is the direct consequence of our lessened imports last year. This he shows to be no national loss. What our shipping and foreign trading interests lost, as regards this special cause, our agricultural and home trading interests gained. Confirmation of this view is to be found in what happened in 1879-80, when the converse of all this took place, the disastrous harvest of 1879 being followed in 1880 by a sudden rise in our foreign trade from $611\frac{3}{4}$ millions to $697\frac{1}{2}$ millions.

Finally, we have to bear in mind that we are now suffering from the poverty and bad economic condition in which some of our customers, notably those whose fiscal system is that of Protection, find themselves; and that, until they by some means are enabled to better their condition, we cannot reasonably look for any expansion of our foreign trade irrespective of that which comes naturally from increase of population and wealth.

August, 1885.

THE TRADE DEPRESSION:

ITS CAUSES AND ITS REMEDIES.



CHAPTER I.

INTRODUCTION.

DEPRESSION in trade exists at the present moment in every civilised country, and as the space at my disposal does not permit an inquiry which shall embrace them all, I propose to confine my examination to Great Britain, as being the country whose interests are specially in view; referring only to other countries by way of enforcing and illustrating the lessons which the subject affords.

In trade and commerce depression may be likened to what in nature is the ebb tide, while expansion corresponds to the flow. They are inter-acting agents, and relative terms.

While expansion goes on the seeds of depression are being sown; and while depression exists the seeds of expansion are in like manner being sown. When trade is brisk and profitable a rush in takes place; mills are set up, furnaces blown in, mines opened, ships built, and labour is in great demand. For a time "all goes merry as a marriage bell," warnings are unheeded. Presently the reaction comes, depression sets in, and the reverse of these processes takes place; capital becomes profitless, labour unemployed, general suffering supervenes, until at length the wheel turns, and the upward movement once more commences.

CHAPTER II.

THE DEPRESSION AT HOME.

Description—Economic Sketch, 1870-1884—Statistical Table:—Population, Exports Home Produce, Total Imports and Exports, Savings Banks, Crime, Pauperism—The Fall in Prices, its Causes—Comparison of Trade 1873 and 1884—Scarcity of Gold—The World's Indebtedness to Great Britain—Agriculture—Railway Traffic.

IT is in one of these ebbs that we now find ourselves. Let us see in what respects it differs from, and in what it corresponds with, former depressions, and so ascertain its peculiar causes, and prescribe the proper remedies.

When we come to look for points of resemblance, the difficulty is to find them, while, on the other hand, the points of difference are important and numerous. Beyond the fact that depression exists there is scarcely any similarity. On other occasions this nation has suffered from protracted and expensive wars; from rash home enterprises, and speculative foreign loans ending in panic and disaster; from dearth and deficiency of food, arising either from legislation or from bad harvests.

Not one of these causes has been in force on the present occasion. For many years we have had no great war consuming and destroying our capital; our transactions, vast as they are, have been conducted, for the most part, on a cash basis, and not on credit, as formerly; there have been no great home enterprises such as were once entered into in the shape of railways; for a dozen years we have had no reckless foreign loans; the volume of our foreign trade keeps up at a high level; while, lastly, bread and other necessities of life were never so plentiful and cheap.*

Nevertheless, our agriculturists say they are half ruined; our manufacturers, merchants, and shipowners complain of vanishing profits; while many of our artisans and labourers are out of work and clamour for employment.

* See note, page 8.

In order to produce results apparently so anomalous, it seems clear that some novel and active agencies must have been at work. We must inquire what these are. I propose, therefore, to take a rapid glance at the history of the last fifteen years, with particular regard to those facts which have an important economic bearing, and, by means of such statistical information as is available, I will endeavour to measure these facts, and show how they have combined to produce the results we see. The period in question, which commences with 1870, when the Franco-Prussian war broke out, comprises the expansion which followed the close of that war in 1871; the depression which began in 1874, and closed in 1878-79; the expansion which then commenced, and which continued till 1881-2; and the depression which has reigned ever since.

We shall thus have for comparison two periods of expansion and two of depression; and for reference, the accompanying table (page 4), which shows the progress of the nation during this time in the important particulars of Population, Exports of Home Produce, Total Imports and Exports, Marriage, Thrift, Crime, Pauperism.

It is hardly necessary to remark that the figures shown in the table, however interesting in themselves, lose much of their significance unless read by the light of the facts and circumstances which underlie them. The table commences with 1870, in the summer of which year the Franco-Prussian war broke out. The war ceased in 1871, and the effect on trade was magical, our exports rising from 199½ millions in 1870, to 256 millions in 1872; and 255 millions in 1873.

The destruction of capital had to be made good. An indemnity of 5,000 millions of francs had to be paid by France to Germany. An era of peace seemed to set in. Confidence in all directions sprang up, and enterprise in consequence flourished. There was a mania for foreign loans, good, bad, and indifferent, France heading the list of borrowers for 200 millions, Russia taking 27 millions, while such bankrupt and subsequently defaulting states as Bolivia, Costa Rica, Paraguay, and Turkey, came in for 20 millions among them. United States railroad bonds and shares were also imported in vast

Year.	Population United Kingdom.	Exports, Home Produce.		Imports and Exports.		Marriages, Great Britain.	Savings Banks Deposits, United Kingdom.	Crime Convicts, United Kingdom.	Pauperism, England and Wales, Pau- pers, 1st Jan.
		Total.	Per Head.	Total.	Per Head.				
1870	31,203,444	£ 199,586,822	£ s. d. 6 7 11	£ 547,338,070	£ s. d. 17 10 10	205,443	£ 53,057,653	18,401	1,079,391
1871	31,513,442	223,066,162	7 1 7	614,590,180	19 10 1	214,078	55,844,667	16,387	1,081,926
1872	31,835,757	256,257,347	8 1 0	669,282,458	21 0 6	226,847	58,998,212	15,686	1,007,664
1873	32,124,598	255,164,603	7 18 10	682,292,137	21 4 9	232,345	61,667,884	15,741	890,372
1874	32,426,369	239,558,121	7 7 9	667,733,165	20 11 10	228,257	64,623,868	16,107	829,281
1875	32,749,167	223,465,963	6 16 6	655,551,900	20 0 4	227,133	67,574,874	15,643	815,587
1876	33,093,439	200,639,204	6 1 3	631,931,305	19 1 11	228,437	70,280,008	16,589	749,593
1877	33,446,930	198,893,065	5 18 11	646,765,702	19 6 9	220,142	72,979,443	16,251	728,350
1878	33,799,386	192,848,914	5 14 1	614,254,600	18 3 6	214,387	74,704,948	17,039	742,703
1879	34,155,126	191,531,758	5 12 2	611,775,239	17 18 3	205,544	75,809,994	16,823	800,426
1880	34,468,552	223,060,446	6 9 5	697,644,031	20 4 10	216,454	77,721,084	15,643	837,940
1881	34,929,679	234,022,678	6 14 0	694,105,264	19 17 5	223,238	80,334,612	15,883	803,126
1882	35,289,950	241,467,162	6 16 10	719,680,322	20 7 10	230,979	83,650,402	15,897	797,614
1883	35,611,816	239,799,473	6 14 8	732,328,649	20 11 3	232,669	86,755,931	15,001	799,296
1884	35,951,865	232,927,575	6 9 10	? 688,000,000	? 19 2 2	230,066	90,758,318	?	774,310

amounts, and large investments were made in other parts of the world. The total of all this could not have been less than 400 millions sterling, and, assuming that we furnished only one quarter of it, we had to provide 100 millions in commodities.

Prices went up with a bound, manufacturers and traders went mad, so did the wage-earning classes; it was a time of general intoxication, bearing within it the seeds of the inevitable collapse. This came in the autumn of 1873, the special feature being the smash in the United States. During the succeeding five years we suffered from the conjoined influences of falling prices, foreign loan defaults, and bad harvests; our exports sinking in 1879 to 191½ millions, a lower figure than that of 1870.

There were circumstances, however, which were working to redress these evils. In the United States many of the railroads which were commenced in the time of inflation were completed, and by their means the vast and fertile regions of the far west were brought into play, and made to supply the needs of Europe. A new era of prosperity was opened for the States, who were enabled to pass easily through the process of the resumption of specie payments; to call in and pay off a large portion of their debt; and also greatly to extend their trade with the rest of the world. Matters soon changed, however, Europe was blessed with better crops, while, in 1881, the States had a bad harvest, and found themselves committed to excessive railroad construction. From that time until now the depression in the States has gone on from bad to worse, and they find themselves in a position from which it seems impossible to emerge, unless they adopt a fiscal policy utterly at variance with that under which their industries are at present conducted.

In addition to these various circumstances I have now to refer to a very potent factor which has been at work for a dozen years at least, I mean the fall in the prices of commodities. This has been a disturbing element, an object of perplexity, and a source of loss to almost every one engaged in commerce.

The fall in prices may be traced to three concurrent causes.

1. The opening of new fields of production.
2. The improvement and cheapening of processes.
3. The scarcity of gold.

In agriculture we have had opened up since 1870 the wheat and corn fields of the West and North-west of America ; and the wheat fields of India, and of Australasia.

In mining, rich veins of copper, tin, and lead, have been laid bare in Spain, California, and Australia.

In manufactures, there is hardly a process in which invention and economy have not been at work to effect a saving of material or of labour. To give only one instance, I may mention the Gilchrist-Thomas process, by which four men now make a bar of steel in the same time, and with less cost of material than it took ten men a few years ago.

As regards the scarcity of gold, it is only necessary to consider the facts to understand what is meant by the term, and how the result has been caused. From the time of the discoveries in California and Australia, 1848-52, the annual production which had been about thirteen millions, increased until it reached its highest point about 1856.

According to statistics collected by Mr. Burchard, Director of the United States Mint, as given in his last annual report :—

In 1857 the total of the world's production ...	£29,145,000
1862 " " "	£26,263,000
1866 " " "	£29,126,000
1873 " " "	£25,510,000
1879 " " "	£20,817,519
1883 " " "	£18,392,000
1884 " " "	£17,932,000

So that we have a rapidly decreasing supply. Let us now inquire into the demand.

This has been two-fold, firstly for currencies, secondly for the arts. For currency purposes there have been large demands on the stock for Germany, the United States, Holland, Italy, and other countries, which have absorbed something like 200 millions sterling ; the process, in the case of *Germany, being accompanied by the demonetisation of silver,*

the price of which has fallen from 60d. per ounce in 1872, to 49½d. in 1884.*

As regards the arts, Mr. Burchard reports that from many inquiries he learned that at least three millions sterling is now annually used for this purpose in the United States, and the conclusion is that three-fourths of the whole annual supply are consumed in this manner.

In addition to these drains, moreover, it has to be noted that since 1870 India has been a steady importer of gold, and that in 1883, according to a Parliamentary return issued at the end of last year, she imported on balance no less than nine millions worth.

But, there is still another sign of the increasing scarcity to be mentioned, and that is, the fact that in 1884, Great Britain instead of receiving some five or six millions of gold from Australia, as she did annually a few years ago, actually had to remit to that quarter about one million sterling as part of some large loans made to the Colonies, who for the first time in their history called for payment partly in gold, instead of wholly in commodities. Now, inasmuch as the demand for gold during the last few years has far outrun the supply, it is impossible that this circumstance should not have had some influence in producing the fall in prices which has taken place. There are, however, three other factors which have had an influence on prices which have to be taken into account. Two of these have tended to retard the fall. They are increased banking facilities, and improved means of transmission, and communication by steam and electricity, all which have permitted economies in the use of the metal. The third, which has tended to accelerate the fall, is the increased production of commodities which has arisen out of the new fields opened up, and the improvement of manufacturing processes.

It is impossible to apportion with any accuracy the share which each of these factors has had in producing the effect we see, but the fall in prices has steadily progressed since 1873, and has been productive of wide-spread effects in every department of trade, and on every class of society.

*The price has since fallen to 48¾d. in anticipation, apparently, of the repeal of the Bland Silver Act of the United States, under which a minimum coinage of 2 million dollars a month has to be made.

Keeping all this in mind let us now turn to the table, and take note of the lessons which it affords.

In the first place, we see the rise of the trade figures which mark the inflation of 1871-3; and their decline from that date until 1879, under the influence of natural reaction, intensified by contracting currencies, and falling prices. We can see also that the prosperity of 1872-3 was to a great extent hollow and unreal, and that it is absurd to make the inflated prices of those years the normal standard of comparison. It was shown by Mr. Giffen in various reports to the Secretary of the Board of Trade, that in order to institute just comparisons, we must take into account, not only prices, but quantities. He pointed out in 1881, that the differences in the prices of 1873 and 1879 would, in order properly to compare the trade of these two years, necessitate an addition in the case of the latter year, for certain enumerated articles on the export side, of £60,694,000; and on the import side, of £63,844,000; which sums added to the total imports and exports for 1879, and supposing no change in the other articles, would raise the total of our foreign trade in 1879 to £737,000,000, which is 55 millions above the figures reached in 1873.

Once more casting our eyes on the column of exports, we notice that the figures rise from 191½ millions in 1879, to 241½ millions in 1882; 239¾ millions in 1883; and 233 millions in 1884.

Then, if we look at the figures of our total trade, we see that they have risen from 611¾ millions in 1879, to 732¼ millions in 1883; the estimate for 1884 being 688 millions.*

If, now, we adopt the process of Mr. Giffen and calculate the value of the quantities of 1884, according to the prices of 1873, we should find that the figures of the latter year would

* The actual figures of our total foreign trade for 1884 have just been published. Instead of being 688 millions, as estimated, they are 685,986,152, which slightly modifies the calculation in the text. These figures might be taken to signify at first sight a vast and sudden drop in our foreign trade, inasmuch as they are 46 millions less than those of 1883, and 25 millions less than the average of the four preceding years. Of this deficiency of 46 millions, however, 36½ millions were in our imports, and 9½ millions in our exports; while of the 36½ millions in the imports, 19½ millions arose from a decreased importation of *wheat, oats, and other cereals*. This fact is intimately bound up with the question of the world's indebtedness to Great Britain, to which reference is made in pages 10 and 22.

be largely exceeded. The total for 1884 is estimated at 688 millions, but as this includes the re-export of certain of our imports, we must, in order to arrive at the actual figures of our sales and purchases, deduct their value from each side of the account, say 64 millions, which would leave 560 millions as the total of our sales and purchases. Then, assuming that the prices of 1873 are on the average 30 per cent. above those of 1884, 168 millions would fall to be added to the 688 millions, the actual estimated for 1884, and the comparison would stand thus :—

Year.	Population.	Imports and Exports at prices of 1873.	Per head.
1873	32,124,598	£ 682,292,137	£ 21 4 9
1884	35,951,865	856,000,000	23 15 6

showing that, measured in money, on the basis of the prices of 1873 we did a larger business in 1884 by £1 10s. 9d. per head of our population.

This will be made more apparent by an inspection of the following tables which give the quantities, the values, and the average prices, of some of the principal articles of import and export for the years in question :—

IMPORTS.

		Quantities.		Average Prices.		Values.	
		1873	1884	1873	1884	1873	1884
Cotton	cwts.	13,639,252	15,505,851	£4.01	£2.84	54,701,847	44,113,528
Sugar, raw	"	14,241,328	19,652,364	s.23.96	s.15.51	17,066,026	15,252,249
Do. refd.	"	2,273,490	4,266,689	s.33.84	s.20.88	3,847,271	4,454,759
Tea	lbs.	163,705,269	215,212,114	d.16.67	d.11.07	11,372,595	10,567,352
Wheat	cwts.	43,863,058	47,113,998	s.13.01	s.8.41	28,538,746	19,825,021
Do. Flour	"	6,214,479	15,103,518	s.18.83	s.13.39	5,849,852	10,166,510

EXPORTS.

	Quantities.		Average Prices.		Values.	
	1873	1884	1873	1884	1873	1884
Cotton, yarn lbs.	214,778,827	271,077,900	d 17'76	d. 12'02	15,895,440	13,811,767
Do. piece yds.	2,384,174,306	3,095,963,800	d. 3'45	d. 2'47	34,273,471	31,856,889
Do. printed „	1,083,306,079	1,321,236,400	d. 4'78	d. 3'59	21,580,770	19,795,713
Iron, Pig, &c. tons	1,142,065	1,269,677	s. 124'65	s. 46'40	7,118,037	2,945,667
Steel, unwrt. „	39,418	56,614	£ 37'11	£ 19'87	1,462,857	1,125,204
Coals „	12,617,566	23,343,755	s. 20'90	s. 9'29	13,188,511	10,851,760

As to the comparative profitableness of these two years, I do not propose to enter thereon for two reasons, the first of which is, that they are years of extreme inflation and extreme depression; and the second is, that it would require a long calculation based on the variations in the price of every item on each side of the account, with a full knowledge and consideration of the difference in cost which improved processes bring out, and of the difference for which allowances would have to be made in the cost of raw materials imported, and re-exported in the shape of manufactures. It will be sufficient to remark that, as our imports are, to our exports, in the ratio of about three to two, anything like an equal fall in prices must be a great gain to us; and that a fall of 20 per cent. in the price of our imports would be an equal set-off against a fall of 30 per cent. in the price of our exports.

In this connection it is difficult to over-estimate the value to us of the relation in which we stand to the rest of the world, as the great creditor nation. It is a subject which has not received due attention. The world's indebtedness to Great Britain is probably, at a moderate computation, 1,500 millions, producing an annual income of something like 75 millions; our colonies and India standing for 600 millions. We thus have 75 millions per annum, payable in London in gold, that is, in a commodity which, unless fresh discoveries of the metal are made, must indefinitely increase in value, and thus, as time goes on, be a source of increasing wealth to the country which holds this unique and enviable position.

Resuming our examination of the table, we see that as

regards population, there is a steady increase from 31,205,444 in 1870, to 35,951,865 in 1884.

Turning to the column relating to marriage, we find that for the first cycle of inflation and depression, the figures follow pretty closely the fluctuations in the trade columns, rising from 205,443 in 1870, to 232,345 in 1873, and falling to 205,544 in 1879; while, for the second cycle, commencing in 1879, there is a rise to 230,979 in 1882, and to 232,669 in 1883, and a fall to 230,066 in 1884, showing a check. It appears, moreover, that the number of marriages in 1883 was almost the same as in 1873, although in the meantime there had been an increase in the population of $3\frac{1}{2}$ millions.

In the column relating to thrift we have to note a steady rise during the whole period of 15 years. Calculating the amounts lodged in the Savings Banks, per head of population, we find that in 1870 they were £1 14s.; in 1873, £1 18s. 5d.; in 1879, £2 4s. 5½d.; and in 1883, £2 8s. 9d. I find, moreover, that at the end of January, 1885, the total sum lodged amounted to £91,414,634, as against £87,651,517 at the end of January, 1884, which would give something like £2 10s. 8d. per head.

As regards crime, the figures show a steady diminution. In 1870, with a population of 31 millions, there were 18,401 convictions, whereas in 1883, with a population of 36 millions, the convictions have dropped to 15,001. The decrease has been so marked as to attract the attention of judges like the Lord Chief Justice Coleridge and Mr. Justice Denman, who have commented in suitable terms on this favourable feature. The same remarks are applicable to the column in which the number of paupers is recorded, the figures for England and Wales being in 1870, 1,079,391, and in 1884, 774,310.

This completes our examination of the table, but in order to obtain a correct notion of our internal condition, it will be necessary briefly to consider two subjects of importance, viz., agriculture and railway traffic. We find agriculture suffering from the effects of inclement seasons, and from a severe fall in the price of wheat, brought about by the opening up of new fields of production, to which allusion has been made. The consequences have been far-reaching. During the last ten years, although one million additional acres in the United

Kingdom have been brought into cultivation, there has been a decrease of 1,200,000 of corn crops, one million of them being wheat, while there has been an increase of $2\frac{1}{2}$ millions of acres devoted to grass, and other crops. This change in cultivation has been accompanied by a decrease in the rural population of 275,000 persons, many of whom have migrated to the towns, and helped to swell the ranks of the unemployed.

With regard to railway traffics, as forming an index to the condition of our internal trade, and to the progress made during the last fifteen years, the following table speaks for itself :—

	Passengers.	Miles open.	Total Receipts.
			£
1870	336,545,397	15,537	45,078,143
1873	455,320,188	16,082	57,442,000
1879	562,732,890	17,696	61,776,703
1880	603,885,025	17,933	65,491,625
1881	623,047,787	18,175	66,557,442
1882	654,838,295	18,457	69,377,124
1883	683,718,137	18,681	71,062,270

With regard to this table it will be useful to note that in 1883 the number of third class passengers was 581,233,476, which was $29\frac{1}{4}$ millions in excess of the number carried in 1882 ; and that these numbers are in addition to those of season ticket holders.

The figures for 1884 have not yet appeared in a collected form, but the total receipts may be set down at about £70,000,000, or $1\frac{1}{2}$ per cent. less than those of 1883.*

* The figures have since been published. They are £70,522,643, or 0·76 per cent. less than those of 1883.

CHAPTER III.

THE DEPRESSION ABROAD.

France, Germany and Austria, Belgium, Italy, Russia, Holland,
Switzerland, The United States.

HAVING completed our survey of British internal and external trade, let us now take a glance at the condition of things in other countries.

There is in many minds a hazy conviction that the depression from which we are suffering is, in some way, attributable to our fiscal system, the principles of which are in direct conflict with those adopted by most other civilised countries, the system which goes by the name of Free Trade, but which is one of Free Imports against Protective Tariffs.

If it can be shown that in countries where protection rules, trade depression exists in an equal or greater degree than here, it must be clear that the evils complained of do not owe their existence to our peculiar system, but to other causes, and this will at once get rid of much error and misconception, and materially aid us towards the end we have in view.

Let us look at the condition of things in such countries as France, Germany and Austria, Belgium, Italy, Russia, and the United States, which are Protectionist; and in Holland and Switzerland, which are Free Trading.

1. France.—Here we have a people possessing the most fertile soil in Europe, industrious, frugal, practically stationary in numbers, which nevertheless is suffering from depression in trade, in manufactures, and in agriculture; with annual deficits arising from expenditure at home for public works, in order to find employment for her citizens, and abroad for wars undertaken in order to found colonies for a people which will not emigrate, and to discover outlets for a trade which never follows, and with a national debt of 1,000 millions sterling, the largest in the world, which is being swollen year by year.

If we look at her industries, we find every one, although protected, clamouring for increased duties. With regard to sugar, they have passed 26 bills in 50 years, and yet the growers of beetroot are in despair. The graziers are crying out for increased rates on the importation of foreign cattle ; the timber merchants for heavy duties on the foreign article ; while the corn-growers demand, and are getting, increased duties on foreign grain. How all this increase in the cost of living is to benefit the distressed millions is past ordinary comprehension, and must be left to time to disclose, especially when we bear in mind that three-fourths of one of these millions live in 219,270 houses without any windows whatever.* From the reports of the Economic Investigation Committee we learn that at Lille and in the north the greatest distress prevailed throughout the cotton industries, and that its principal cause was the agricultural crisis. Farms were standing empty and no tenants were to be found. Landed property had decreased in value by two-thirds, and the agriculturist who used to be the great consumer had no money to buy anything. On the Public Relief Fund Register of Lille the names of 28,000 persons were stated to be inscribed, and it was affirmed that the distress would at once assume dangerous dimensions but for the fact that a considerable number of manufacturers were keeping open at a loss.† We further read that at the conclusion of their inquiry the Committee received a deputation of workmen, who presented a petition, bearing some 2,400 signatures, praying the Chamber of Deputies to oppose the temporary free importation of cotton yarns from England.‡ As to Paris, M. Tony Revillon, in the Chamber, in November last, drew a doleful picture of its state. Out of every 15 artisans only 10 had employment, and their average wages had fallen from 6*fr.* to 5*fr.* per day. Of 100,000 masons in Paris in 1882, 30,000 had left, and only one half of the remaining 70,000 had work. M. Mun, Legitimist, argued that the distress existed over all France. M. Spuller, Chairman of the Economic Committee of Inquiry, agreed with M. Revillon in apprehending an aggravation in 1885 ; and M. Waldeck Rousseau, Minister of the Interior,

* M. Nadaud, in the Chamber, May 1883.

† The *Standard*, 31st Dec., 1884.

‡ The *Standard*, 1st Jan., 1885.

remarked that the distress had not so much increased as it had attracted greater attention.*

We read also that the mining industries compare unfavourably with ours, and that even the shipbuilding trade, nurtured by the State, was as depressed as here, and was permanently in disfavour, excepting when English shipbuilders were too busy to take orders.

With regard to labour, it was the rule in French factories to work 72 hours per week, against 56½ in England. In one of the largest cotton factories visited by the Technical Commissioners, they ascertained that the machinery was running 14 hours a day, with ten minutes for oiling. In the worsted districts the usual hours per day were 12.† According to the *Revue Industrielle*, a commissioner has lately been appointed by the *Société Industrielle de France*, with the object of inquiring into the feasibility of shortening the daily hours of labour in the textile and collateral industries. At present the hours throughout France are rarely, if ever, under 12 per day, while in Germany they are still longer, being 13 at Dusseldorf, 13 to 15 at Treves and Aix-la-Chapelle, and even 16 in Franconia, this, too, without deductions for Sundays and holidays. After mature consideration, however, the committee have come to the determination that it is impossible to recommend the reduction in the face of the great competition from England and Germany. Moreover, if the hours were shortened, the already moderate daily wage would have to be reduced, much against the workpeople's wish; and it is also considered that the latter would suffer considerably, both morally and pecuniarily, from the extra idle time, a great portion of which would be passed in the *débit de boisson*.‡

As to wages, English workers receive 58 per cent. higher wages,§ while as to leisure we should have to go back 40 years to parallel the present state of things in France.||

The condition of affairs is further shown by what took place in the Chamber on the 5th Feb., when M. Revillon made a motion for a credit of 25 millions of francs for the unemployed.

* The *Times*, 21st Nov., 1884.

† Swire Smith, lecture at Bradford, *Bradford Observer*, 23rd Dec., 1884.

‡ The *Times*, 21st Feb., 1885.

§ J. S. Jeans, at Statistical Society, 16th Dec., 1884.

|| Swire Smith, at Bradford, *supra*.

This, he said, would allow a franc a day to 246,000 persons who had for the last two months been starving. In opposition, M. Waldeck Rousseau urged that the rural was as much entitled to help as the urban population; and we learn that the motion was negatived, but that M. Revillon's second resolution, calling on the Government to begin the year's public works, was agreed to without a division.*

2. Germany and Austria.—Like the French, the Germans are under the protective system, yet poverty and discontent prevail, and the cry of both agriculturists and manufacturers is for more and more protection. It is difficult to measure the depression, in consequence of the meagreness of the statistics at command, and of the censorship which is exercised over the press, and which has been extended to the reports of the Chambers of Commerce. Enough leaks out from time to time, however, to show the economic state of the country. One of the most protected industries in Germany, as also in Austria, is that of sugar, and it is precisely this industry which, during the last twelve months, was overtaken by such signal disasters, involving ruin in all directions, and which is clamouring for a further extension of the insane bounty system; while the cotton and wool manufacturers are petitioning the Minister of Commerce to again raise the import duties on cotton and cloth, although the Government has already twice done so, once in 1878 and again in 1882.† We read that duties on imports are met by manufacturers by reductions of wages, and that out of a population of 45 millions in Germany, in 1882, the Prussian officials discovered that there were more than 7 million heads of families who must be exempted from direct taxation, because their earnings were less than £25 a year—9s. 7½d. per week.

With regard to the general rate of wages, we read that wages are 42 per cent. higher in England;‡ while as to the hours of labour, according to the report of the commissioner appointed by the *Société Industrielle de France*, already quoted, they are 13 per day at Dusseldorf, 13 to 15 at Treves and

* The *Times*, 6th Feb., 1885.

† *Economist*, 13th Sept., 1884.

‡ Swire Smith at Bradford.

§ J. S. Jeans, 16th Dec., 1884.

Aix-la-Chapelle, and even 16 in Franconia ; and this without deductions for Sundays and holidays.

With regard to agriculture, we learn that increased duties have just been imposed on the importation of wheat and rye, in deference to the views of Prince Bismarck, and in spite of the report lately issued by the Prussian Minister of Agriculture, which declares that the country cannot in future rely on the growth of corn, but should try to widen the scope of production by introducing the rearing of cattle, &c., and which records the fact of the existence of much land which is still in a primitive condition, especially in the eastern provinces, where more than 10 per cent. of all the land is in this state, and might be made profitable.*

We learn also that emigration is now five times more than it was before 1879, when Protection was established ; but, according to a speech of Prince Bismarck in the Reichstag, on the 8th January, this was simply a convincing proof that the material prosperity of the nation had increased in proportion.†

The Report of the Trade Inspector of Moravia and Silesia states that at Brunn the working time in the weaving and spinning mills, which were fixed at 12 hours before the new Act was issued, was sometimes prolonged to 16 and even 18 hours. It states also that in many manufactories workmen remain the whole week in the factory, sleeping on woolsacks, and working 96 hours, from Monday morning until Sunday morning. The weekly wages fluctuate between 4*fl.* and 8*fl.* for men, and 1.20*fl.* and 4*fl.* for women, &c. These low wages barely keep the workpeople in lodgings and dry bread.

3. Belgium.—In protected Belgium we find the labourers working longer hours and for lower wages than in Great Britain. There are no factory acts ; children of tender years are employed 66 and 72 hours per week, and take their share of nightwork ; while women and children work in the coal mines.‡

4. Italy.—Here, as elsewhere, the people are protected in everything in which the foreigner might compete with them,

* *Economist*, 14th Feb., 1885.

† *The Times*, 9th Jan., 1885.

‡ Swire Smith at Bradford.

and yet they are wearing out their lives, from childhood to a premature old age, in a perpetual struggle for existence. Old men in England tell of being carried to the factory on the backs of their fathers sixty or seventy years ago, when they were but seven or eight years of age, to begin work at five o'clock in the dark winter mornings, and working till seven or eight at night, for a few pence a day.* Such are the conditions at present existing in Italy.

5. Russia.—With regard to Russia, we read in the *Times* of the 5th of February, that the industrial depression, and disturbances are beginning to attract very serious attention, and that on all hands are heard sounds of alarm at the growing discontent and agitation among the factory hands, and the working population generally. In the agricultural districts there are disturbances, and outrages, rick-burnings, and crop destruction; while in the cotton and iron industries, there are many large mills working at a loss for fear of the consequences of dismissing large numbers of workmen; attempts at reduction having in several instances resulted in combined or isolated attacks upon the masters.

6. Holland and Switzerland.—Before we leave Europe we must take a glance at these two countries. They form quite a contrast to those which we have just been regarding. The tariff of Holland is now one of the lowest in the world. She has no material advantages except her sea-board. She is thriving and prosperous, and her industries, reckoned per head of population, are larger than those of any other Continental state. As to Switzerland, a country without a single mine, canal, or navigable river, and hemmed in from the sea by great military and protectionist nations, she imports, and exports, and holds her own in the general competition. She spends lavishly in the education of all classes, her system standing almost unrivalled, while her factory acts regarding the education and employment of children, are stricter than in any other country in the world.†

7. United States.—Turning from the Old World to the New, let us see whether there is anything to justify protection in its chosen home. There we find that the diary of the year lately

* Swire Smith at Bradford.

† Swire Smith at Bradford

closed is nothing but a chronicle of disaster in every department of trade and industry. Mercantile failures have not been so numerous, or for so large an aggregate, since 1878, as the following table will show :—

Year.	No. of Failures.			Amount.
1884	10,968	\$226,343,427
1883	9,184	172,874,172
1882	6,738	101,547,564
1881	5,582	81,155,932
1880	4,735	65,752,000
1878	10,478	234,383,132

In manufacturing and mining we see nothing but the closing of mills, workshops, factories, and foundries, the blowing out of furnaces, the discharge of workmen, and a reduction of wages of from 10 to 30 per cent. An inquiry into the industrial situation, instituted by the well-known trade journal, *Bradstreet's*, in December last, brought out the fact that in 22 States, containing 90 per cent. of the industrial population of the Union, there were at least 316,249 less people employed in manufacturing in 1884 than in 1882, that is, a decrease of 13 per cent. ; while wages in most lines had fallen 20 to 25 per cent., and in some instances 30 per cent. ; all this being accompanied by disastrous strikes. In a subsequent number of the paper it is stated that in all probability a more careful count of the employés would show a decrease at the end of 1884 of 350,000.

We read also, that a stream of emigration is setting out for Europe, chiefly of Germans, Italians, Poles, and Hungarians, who complain that they can no longer get work, a large exodus taking place from the Pennsylvania anthracite coal region. This is not to be wondered at, when we learn from the evidence laid before the Senate Committee on Labour and Education last year, that there were miners of iron ore working in Pennsylvania for 75 cents. a day (3s. 1½d.), that their abodes were extremely miserable, and that they suffered from a truck system, under which they paid 100 per cent. more than the iron and steel workers did.*

"The testimony of working men presented for the first

* Speech of the Hon. Abram S. Hewitt, House of Representatives, April 30th, 1884.

time in the history of this or any other country in methodical order and representing every branch of business in this country was absolutely unanimous : first that the wages and earnings of working men in this country are not sufficient to give them comforts or even a decent support for their families, and was equally conclusive as to there having been a steady degradation in the condition of the labouring classes during the last twenty years, and that it was a decreasing deterioration to be measured year by year." *

We learn also from Secretary Howard, of the Fall River Cotton Spinners' Association, Massachusetts, that a threatened reduction of ten per cent. in the wages of the Fall River operatives would make a reduction, since February, 1884, of twenty per cent., and since 1874 of fifty per cent., of what they then earned ; also, that under the coming reduction a spinner with three children, after paying rent or fuel, would have less wherewith to clothe his family than the sum which it costs to keep the convicts in the state prisons.† We learn also that the cigar makers carry on their trade in filthy tenements, at such low rates, that the families of the workmen have neither fresh air nor sufficient food and clothing ; ‡ that at Darby, in Pennsylvania, under a system of tariffs which was to guard them against the pauper labour of Europe, and in the works of a corporation owned by prominent citizens of New York and Philadelphia, children of nine years old and upwards were employed, and were worked from 6.45 a.m. to 8 p.m. The *Philadelphia Ledger*, in March, 1883, recording the fact that one thousand of these mill children, between ten and fourteen years of age, were taken in a steamer to Rocky Point, where they had a shore dinner, and that next day they had to return to their daily drudgery.§ We read also of "the roof-sleepers of New York," people who, in the intensely hot weather of last year, were driven to sleeping on the roofs of their habitations.|| Speaking of the third and most wretched class of people, who occupy the lowest grade of tenement

* Speech of the Hon. Abram S. Hewitt, *supra*.

† The *Times*, 4th February, 1885, Letter from Correspondent, Lowell, Massachusetts.

‡ Senate Committee, evidence.

§ *Pall Mall Gazette*, 22nd March, 1883.

|| *Pall Mall Gazette*, 11th September, 1884.

houses, the writer describes these as:—"whose every room accommodates from one to three families, where men and women die, and children are born; where beds are huddled, meals are cooked, clothes are washed, dried, and ironed. These places are bad enough in the winter. In the summer, leaving aside all questions of health, decency, and morals, the utter wretchedness, physical, is something utterly and absolutely beyond description, or conception, to those who have not been eye-witnesses to it."

In the *Times* of 4th February, 1885, is a letter from a correspondent writing from Lowell, Massachusetts, already quoted, in which he says that "New York is estimated to have at least 50,000 workless people; Boston has 20,000 at least; and, out West, Chicago is said to have from 20,000 to 30,000; St. Louis 15,000; while the iron districts of Pennsylvania, Indiana, &c., have their thousands; and so it is all over the old settled districts of the country." He also says, "And in cultured, enterprising, busy Boston, the capital of Massachusetts, and the 'hub of the universe,' I know many fine, steady, willing, worthy fellows, who . . . are in the greatest poverty. Some of these—lawyers, journalists, &c., have carried off honours at Oxford or Cambridge, and here in this boasted land of liberty and plenty have offered to do any kind of work, even that of shovelling snow or dirt, or driving horses and wagons, just for a mere pittance, but their services have not been required."

And we are not surprised after this when we read in the same letter that crime is being committed for the sake of obtaining food, and that in this same Boston, Judge McCafferty, of the Municipal Police Court, should state from the bench that strong rugged men, capable of working and of supporting others, pleaded guilty, and were sent away criminals, for the sake of being clothed and fed; one of these criminals exclaiming as he was sentenced to prison, "Thank God I shall get something to eat." And this takes place in a country where, according to Mr. J. S. Jeans, in a paper read at the Statistical Society on the 16th December last, money wages were eighty-four per cent. higher than in England.

But this is not all. In the Report of the Secretary of the Treasury, dated 1st Dec., 1884, Mr. McCulloch writes:—

"The time has now come when the manufacturing industry of the United States is in dire distress from plethora of manufactured goods. Some manufacturing companies have been forced into bankruptcy ; others have closed their mills to escape it ; few mills are running full time ; and as a consequence a very large number of operatives are either deprived of employment or are working for wages hardly sufficient to enable them to live comfortably or even decently." Also, "The all-important question, therefore, that presses itself upon the public attention is, how shall the country be relieved from the plethora of manufactured goods, and how shall plethora hereafter be prevented . . . unless markets now practically closed against us are opened, unless we can share in the trade which is monopolised by European nations, the depression now so severely felt will continue, and may become more disastrous." Also, "How, then, shall the information required for a full understanding of what stands in the way of an increased exportation of our manufactured goods be obtained ?

. . . I see no better means than by the appointment of a commission composed of men not wedded to the doctrines of Free Trade or Protection—fair-minded men, who would prosecute the inquiry thoroughly, comprehensively, and impartially." "The great and profitable carrying trade between the United States and Europe has been permitted to pass into the hands of the shipowners of other nations. . . . There is in my opinion no prospect whatever that the United States will ever share to a considerable extent in the foreign carrying trade without Government aid. The let-alone policy has been tried for many years, during which our ships have been swept from the ocean, and we pay every year many millions of dollars to foreign shipowners for freights and fares."

Such is the commercial picture presented by a country which, as Mr. Abram S. Hewitt, in his speech in Congress on the 30th April last, already quoted, states, "has had twenty-five years of uninterrupted protection, under a higher tariff than ever existed in any civilised country on the globe."

CHAPTER IV.

CAUSES OF DEPRESSION.

Not our Fiscal System—Production greater than ever, Distribution different—Producers and Capitalists the Sufferers—Consumers and Labourers the Gainers—An Economic Revolution arising from a Diffusion, and more equal Distribution, of Wealth—Among Wage Earners the Causes of Distress are Intemperance, Improvidence, and Bad Land Laws.

THE question now arises :—What is there in all this showing to make us envious of the economic condition of our protectionist neighbours on either side of the Atlantic? There is nothing; on the contrary there is everything to show that such evils as we suffer from arise, not from our Free Trade system, but from other causes. What these causes are, and what the remedies, will form the burden of the remaining pages of this essay. We have arrived at the kernel of the problem, and we will discuss it by the light of what has been already advanced.

Let us first ascertain in what sense the present state of things can be called Depression. There is no sign of national impoverishment. There has been no falling off in the production of wealth. Our foreign trade, measured by quantities, was never so great as within the last two years. By way of interest on loans made to the rest of the world, which interest is due to us in gold, but paid to us in commodities, we now get, in consequence of the fall in prices, something like 50 per cent. more than we did some years ago for the same money.

Here is a table which shows the consumption per head of certain imported articles for the years 1873, 1879, and 1883.

		1873.	1879.	1883.
Exclusive of Native.	Bacon and Hams lbs.	9·07	14·84	10·96
	Butter... .. „	4·39	6·57	7·18
	Cheese „	4·69	5·74	5·51
	Eggs No.	20·56	22·44	26·40
	Wheat and Flour lbs.	170·79	228·73	250·77
	Sugar, raw... .. „	43·96	56·83	61·87
	Ditto refined ... „	7·63	9·41	9·87
	Tea „	4·11	4·70	4·80

There is no sign of decadence or of decay in such figures as these. What is shown is an accession and diffusion of wealth. Of this we have many proofs. One great cause has been the general fall in prices. As has already been observed, three factors have combined to bring about this fall. As regards two of these, namely, the opening up of new fields of production, and the improvement of industrial processes, however classes or individuals may have suffered thereby, the community has benefited. As regards the third, the scarcity of gold, that has been a misfortune to the world, but a benefit to Great Britain. Owing to her unique position as the great creditor nation she profits largely by this scarcity, while other countries indebted to her find a constantly increasing difficulty in satisfying her claims.

To manufacturers, merchants, wholesale traders, and producers generally, the increasing scarcity of gold, so far as it has contributed to the fall in prices, has been a source of loss. Owing to this and the other causes named, the fall, during the last few years, has been very rapid. Changes have taken place in two or three years which, formerly, it took a generation to effect, and the classes just named have not been able to keep pace with them. Capital has also suffered. It does not obtain the returns it formerly did. The high price of all first-class investments shows this; while, as regards capital employed in manufactures, there is a general complaint of insufficient returns.

Mr. B. Whitworth, M.P., at a meeting of the Statistical Society on 16th December last, stated that he was himself engaged in the cotton trade, and was in a position to say that for the last five or six years there had not been 2 per cent. made on the whole capital engaged in the cotton trade of this country.

Now, seeing that there has been a greater production of wealth than ever, and that certain classes have not been able to obtain as great a proportion as formerly, it is clear that other classes must have gained. The sufferers have been capitalists and producers; the gainers have been labourers and consumers.

The grand result, therefore, has been a diffusion, and a *more equal* distribution of wealth, and this is shown in the

cheapness and plenty which prevail. Articles of prime and secondary necessity are brought within the reach of the lower grades of labour, for whom life has been made more easy. For the labouring class generally, the attainment of a higher standard of comfort and of morals is made possible; thrift is made practicable; there is less inducement to crime; and pauperism tends to diminish.

This is anything but a depressing picture. It is of the highest importance that the ever-increasing stream of wealth which is created by our labour at home, and which pours in from abroad as interest on our investments, and as profit on our great carrying trade, in the shape of the world's products, should be diffused among the many, and not concentrated in the hands of the few. What has taken place is a beneficent revolution calculated to produce far-reaching social and political consequences. It is a filling up of the gulf which divides the very rich from the very poor; an equalising of conditions by an elevation of the masses; a gradual binding together and fusion of classes; and a preventive of that dire poverty, and deep discontent, in which socialism and communism find their source.

But, while the community has thus benefited, it cannot be denied that certain classes have suffered distress and privation. In some cases the suffering has been merited, in others unmerited.

In agriculture deep depression reigns. The lately developed wheat-growing regions of America, Australasia, and Asia, have caused one million acres in the United Kingdom to go out of wheat cultivation, and a quarter of a million of our rural population has been driven into the towns.

This migration is producing many bad consequences. It is a great national evil. It increases the competition in the labour market of the towns, and drives down wages, and while it decreases the demand for goods, it increases the numbers of those who make them. It crowds our cities and raises rents. It takes men, women, and children away from the field and the moor, and all their health-giving influences, and deteriorates the race by planting them amid the noisome haunts of poverty and disease.

That wheat cultivation should, for a time at least, owing to economic causes, cease to pay, is not of itself a calamity, but it is made into a calamity when, owing to our iron-bound land system, there is no alternative for the farmer but to throw up his farm, for the landlord but to forego his rent, and for the labourer but to migrate.

As regards manufactures, we find the capitalist complaining of restricted markets, excessive competition, falling prices, and curtailed profits. To this class no great consolation can be held out. Owing to a concurrence of favouring circumstances, the law of competition—the tendency of profits to a minimum—has been brought into full play, and the community reaps the benefit. Capital will never again be able to obtain as large a share of the profits of production as it once did. The old style of business has quite passed away. Differences of price between producing and consuming countries no longer exist, except as regards cost of carriage. Steam and electricity have abolished them, and have created a revolution. Allowing for cost of transport, wheat is, now-a-days, sometimes cheaper in London than in Chicago. All this means, of course, loss of profits to the trader, but it also means a corresponding gain to the rest of the community.

The only trading class which at present has nothing to complain of is the small retail trader. He alone has benefited from the fall in prices, for he has not been particularly prompt in adapting his charges to the fall in the wholesale markets. From inquiries made of stockbrokers it is ascertained that of late the only investor has been the retail trader. Coming to the domain of finance, we find among the bankers a falling off of profits, while in Stock Exchange business there is deep depression. Unless profits be made in trade, there can be no investment on balance, no fresh enterprises, and business in securities languishes as a matter of course. This affords another proof of the different distribution of wealth. What capitalists and producers have had to forego, labourers and consumers have received. The few have lost, the many have gained. Until lately the few, after the satisfaction of their wants, had large sums to invest, which came into the market. This is no longer the case, these large sums are now dis-

tributed among the many, and much thereof is now spent in increased comfort and enjoyment by them.

We now come to the great army of workers and wage earners. With regard to this class, all testimony agrees as to the fact that, during the last forty years, their condition has materially improved: the average of their money wages having increased, while the cost of living has decreased.

The British workman has not only claimed, and obtained, a larger share of the profits of production, but he has at the same time benefited from the cheapness and plenty which are the natural concomitants of the fiscal system under which he lives. Professor Leone Levi, in his Report on the wages and earnings of the working classes prepared for Sir Arthur Bass, gives in Section III. the following tables, which, he states, are based on the census of population, with a complete analysis of the occupations of the people, and the rate of wages actually prevalent, and paid, in the various industries.

Occupations.	Number of Earners.		Amount of Earnings.		Average Earnings.	
	1884	1867	1884 £	1867 £	1884 £	1867 £
Professional ...	400,000	300,000	16,000,000	10,000,000	40'	33'
Domestic ...	2,400,000	1,700,000	96,000,000	59,000,000	40'	35'
Commercial ...	900,000	700,000	45,000,000	39,000,000	60'	55'14
Agricultural ...	1,900,000	2,700,000	57,000,000	84,000,000	34'14	31'2
Industrial ...	6,600,000	5,600,000	307,000,000	226,000,000	46'10	40'
Total ...	12,200,000	11,000,000	521,000 000	418,000,000	42'14	38'

On this table Professor Leone Levi makes the following remarks: "Thus with an increase of less than 11 per cent. in the number of earners, there has been an increase of 24.64 per cent. in the amount of earnings, the average earning per head having increased from £38 in 1867, to £42.14 in 1884; or in the proportion of 12.37 per cent.

Dividing the earners and earnings by age and sex, the results are as follows:—

Occupations.	Number of Earners.		Amount of Earnings.		Average Earnings.	
	1884	1867	1884	1867	1884	1867
Males under 20 ...	1,650,000	1,200,000	29,000,000	23,000,000	18'0	19'0
Males 20 and under 65 ...	6,530,000	5,900,000	363,000,000	293,000,000	57'2	51'7
Females under 20 ...	1,300,000	1,300,000	39,000,000	27,000,000	22'17	20'15
Females 20 and under 65	2,720,000	2,600,000	99,000,000	75,000,000	33'0	28'17
Total ...	12,200,000	11,000,000	521,000,000	418,000,000	43'10	38'0

on which he says:—"The total earnings thus calculated include the value of board and lodging wherever given. Deducting this item, the amount of money earnings may be estimated at £470,000,000." In Section VI.—Relation of Wages to Production, Professor Leone Levi quotes Mr. Ellison's statistics respecting the cotton industry, in which valuable data exist for arriving at what may be considered the fair remuneration of labour, and gives the following table, which shows:—"The details of the cost of production in 1859-61, and 1880-82."

Average of three years, 1859-61.		Average of three years, 1880-82.	
	£		£
Cotton consumed, 1,022,500,000 lbs. at 6½d. ...	29,290,000	Cotton consumed, 1,426,690,000 lbs. at 6½d. ...	38,211,000
Wages, 646,000 operatives, at £32 10s. per annum ...	20,995,000	Wages, 686,000 operatives, at £42 per annum ...	28,812,000
Other expenses than wages in connexion with spinning and weaving ...	7,800,000	Other expenses than wages in connexion with spinning and weaving ...	10,700,000
Other expenses than wages in connexion with bleaching, dyeing, and printing ...	10,000,000	Other expenses than wages in connexion with bleaching, dyeing, and printing ...	17,000,000
Rent, interest, depreciation, profits, &c.	8,915,000	Rent, interest, depreciation, profits, &c.	12,277,000
	77,000,000		107,000,000

and he remarks thereon :—"Economies may be practised in the other expenses, but in any case such gross results account for the complaints of cotton spinners and others connected with this large industry."

In Section IX. he takes the number of families belonging to the working classes at 5,600,000, and the total income as £521,000,000, or, exclusive of food, &c., £470,000,000, being an average of about 32s. per week, per family, a fair amount if equally distributed.*

It is clear, therefore, that the workman's share of the profits of production was never so great as it is now, and that what he now earns may be laid out to greater advantage than ever.

One of the effects of this prosperity is seen in the statistics relating to life, which show that during the Free Trade era, the average duration among men had increased 15 years; and among women, $3\frac{1}{2}$ years.

If, then, it be a fact, as undoubtedly it is, that the wage-earning class has received a great accession of wealth, and if we find a considerable portion of that class, as we do, always on the brink of poverty, it follows that either there must be inequality in distribution or waste in application. So long as inequality of powers exists among men, so long will there be inequality of earnings; but whatever men may earn, the earners can always be divided into sections, one of which is careful and thrifty, and the other careless and improvident. Among the causes which operate to produce a state of things in which cheapness and plenty prevail side by side with idleness and starvation, are intemperance, improvidence, and faulty laws.

With regard to intemperance, it is a melancholy fact that something like £126,000,000 are annually spent in intoxicating drinks; and that many a workman spends on a Saturday night five shillings out of his weekly wage of twenty shillings. That it is a source of crime and pauperism no one can deny. At a conference of relieving officers of the metropolis, held

* In March, Professor Levi issued some supplementary notes to his Report, in which he states that since the publication of the main results of his inquiry in December, a reduction of fully 15 per cent. on the rate of wages had taken place in the principal branches of industry since the receipt of the returns; and that, taking the total amount of income from such industries at £200,000,000, 15 per cent reduction would amount to £30,000,000.

on the 27th February, those who spoke testified with one voice as to the distinct connection between drink and pauperism, and drink and lunacy, and testimony was given that very few of the applicants for relief were abstainers.

As regards improvidence, in nothing is want of prudence so much shown as in the matter of marriage. How can anything but poverty and misery be the lot of multitudes if they be brought into the world by parents who themselves are on the verge of pauperism? How can there be anything else but a crowding and a jostling in the labour market when we, here in Great Britain, increase at the rate of one thousand a day—when, every morning, there are a thousand additional mouths to be fed? How can such a constant increase as this take place without recurring periods of distress?

The marvel is, not that distress exists, but that it is not tenfold what it is, considering the faultiness of certain laws under which we live—the laws which govern the ownership and occupation of land.

As has been observed, we have of late years witnessed a partial depopulation of our rural districts, and a crowding-into the towns—a disastrous result, which can be traced to a system which has proved unfitted to adapt itself to the altered circumstances in which agriculture is placed.

CHAPTER V.

REMEDIES.

Agriculture—Landlords, Farmers, Labourers—**Manufactures**—Capitalists, Workmen.

HAVING stated what may be considered the most important of the causes which have contributed to the existing depression, I now pass to the remedies.

So far as the present state of affairs is the result of over-production, and of a natural reaction from inflation, there is no remedy but time and patience. Depression is felt in other countries besides our own, and we must await an improvement in the general situation. Foreign nations are our customers, and until they prosper we cannot fully benefit.

There are evils, however, which spring from faultiness in our laws, our modes of life, our methods, and from ignorance or disregard of new economic conditions, such as progress of invention, facilitation of transport and of communication, opening of new fields of production, and alterations in the standard of value. Of such evils we can take account, and, to a great extent, can apply remedies.

First, as regards agriculture. What is wanted in land is Free Trade. The laws and customs which govern the tenure, devolution, and occupation of land in Great Britain have favoured and stimulated its accumulation in few hands, have conferred on ownership privileges, and exemptions, and powers by way of entail and settlement, which are inimical to good cultivation, and opposed to the public interest. The existing modes of transfer are cumbrous, dilatory and expensive, and in their stead there should be established a system which should, as far as practicable, make land as marketable and as transferable as consols or railway stocks.

A radical change in the direction of freedom is necessary in the interest of all parties. The community is interested in having the land cultivated so as to give the largest possible return to the capital and labour bestowed on it; and one of

the first steps to be taken is the passing of a measure which shall facilitate the breaking up of encumbered estates, and thus promote the establishment of cultivating ownership. The need for such an Act is obvious when we remember that the indebtedness of our landowners is estimated at £400,000,000, or six times the rental. Another interest which the community has in allowing the forces of accumulation and of dispersion to have free play, is the getting rid of the inordinate political power which has hitherto attached to the possession of land. A practical step towards this was taken in the passing of the Representation of the People Act of 1884, by which two millions of voters were added to the electorate, and a transfer of power effected from the aristocracy to the democracy. This will act as a powerful lever in the splitting up of large estates, by doing away with one of the great inducements to accumulation. Those who are landowners in name, but not in fact, ought to welcome such a change. They are now in a position which is awkward and embarrassing, and which is likely to become more so, especially if they resist, in which case they may draw, not only on themselves, but on the whole class of landlords, legislation of a drastic nature, involving perchanee judicial rents or compulsory sale.

It is vital to the public interest that there should be good agriculture, and for this purpose, that capital should be attracted to the soil, not, however, to be swallowed up by the impoverished, or grasping landlord, as it too often is, under the present system, but to be secured to, and to fructify for, the farmer who brings that capital, and the workman who brings his labour.

According to Sir James Caird (*Times*, 2nd Feb., 1885) :—
 “There is no such fall in the value of agricultural produce as should make the farming of good land in this country unprofitable. And in regard to foreign competition, we must always have in our favour the cost of transport from distant regions, which on any kind of produce, is an advantage not yet less than the average rent of our agricultural land.” If this be so, there is no reason why the farmer should not succeed. But, to this end, he must keep abreast of the times, and take determined action on several lines. As regards his landlord, he must in *future* discard worn-out feudal ideas, and principles he must

Pluck up a spirit of independence, and treat with owners of the soil on a purely commercial basis. He will find them in the future more amenable to reason and common sense, than formerly. In the minds of many landowners, until very lately, the only agricultural interest worth considering was rent. In treating with this class, farmers should recollect that rent is that portion of the produce of the land which remains over after rewarding the labourer for his toil, and the farmer for his outlay, and his work : that just what remains over is what he can afford for rent ; and that if nothing remains over the land can bear no rent.

He must demand stability of tenure ; security for his capital ; compensation for his improvements, and no raising of rent thereon ; and liberty in cultivation. Having agreed on these points, he should go in for variety in cultivation, remembering that we annually import twenty-three million pounds worth of butter, eggs, cheese, game, fruit, and vegetables. He must agitate for fair rates of railway carriage, and demand that a stop be put to the present discriminating charges between British and foreign produce, which are nothing else than protective duties in favour of the foreigner. He will recollect that American meat, and cheese, are carried at 25s. a ton from Liverpool to London, while English meat is charged 50s. ; that fruit from Holland to London pays 25s. a ton, while from Sittingbourne in Kent, through which station it passes, the charge for English fruit is also 25s. ; and that the difference in the rates on English wheat and barley, and foreign wheat and barley amounts to a rent of 5s. an acre. Then he should give his attention to middleman's profits, and see if by union and combination he cannot narrow the enormous margin which at present exists between what he gets for his produce, and what the consumer pays, and thus benefit both parties. He will bear in mind that the sheep which he sells for £3, costs the consumer £4 10s. ; that the milk which he sells for 1d. or 1½d., costs the consumer 4d. or 5d., and that the total value of this one product amounts to thirty millions sterling, far more than the value of the wheat crop of the United Kingdom ; and that if farmers could have managed to get one halfpenny per pound on the 230,000 tons of meat which were sold in Smithfield market alone last year, they would have pocketed no less a sum than one million sterling.

Lastly, they must discard all idea of profiting by the imposition of duties on corn—what is called Protection—for two reasons, the first of which is that experience has shown that it is not the cultivator who profits thereby, but the owner of the soil ; and the second, which is, that there is no probability whatever of this nation ever again consenting to raise artificially, by protective duties, the price of any product, whether of agriculture, or of manufacture, above what it fetches in the general market of the world.

The agricultural labourer must recollect that for the first time in history he will very soon have a voice in the making of the laws. The great object which he should steadily and determinedly keep in view is his reinstallation on the land ; in his once more being able to obtain that interest in the soil of which he has been despoiled. He wants Free Trade in land. He must work for reform, for the getting rid of all the artificial barriers which bad laws and customs have raised against the natural dispersion of land. These barriers must be broken down, and these laws and customs abolished, before he can undo that state of things which ousts his class from the country, and drives them into the towns. He wants legislation which will give him fixity of tenure in his cottage, and a few acres attached thereto, at a fair rent ; legislation, which shall, to some extent, atone for the mighty wrong to which his class have been subjected in being deprived of millions of acres—more than a third of the cultivated surface of England and Wales—and in being thus left helpless and hopeless, with nothing to look forward to, after a life of toil, but the grave or the workhouse. By thus striving, he will help to elevate himself, and to benefit the community, by drawing population back from the town, stopping the degeneration now going on, and thus helping to restore that strong and stalwart race of men which were the strength and the pride of our nation.

In view of the competition to which manufacturers are subjected on all sides, they must study how to reduce cost of production. For instance, coal and iron are the foundation of all our other industries, and note should be taken of the differences which exist between royalties and cost of carriage at home and abroad, to the detriment of British trade. As regards royalties, Sir I. Lowthian Bell, F.R.S., in his work on

Iron and Steel, states that the charge upon one ton of pig-iron for royalty on ore and coal is roughly as follows :—

GREAT BRITAIN.			CONTINENT.		
Cleveland.	Scotland.	Cumberland.	Germany.	France.	Belgium.
3s. 3d.	6s.	6s. 3d.	6d.	8d.	1s. 3d. to 4s.

While, as regards railway carriage, the Iron Trade Association states that the average rate in England for pig-iron from the works to inland markets is 0·94d. per mile, whilst in Germany the charge is 0·50d., and in France, 0·60d. ; that on manufactured iron the charge per mile from works to shipping ports in England is 1·06d., whilst in France it is 0·59d., and in Germany, 0·54d., and that on the average it may be taken that the mileage rates on the Continent are about one-half of those in England.

As has been already observed, capital will not in future be able to secure the profits it has hitherto done, and must be content to allow a greater share to labour.

The employer of labour must in future, under pain of loss, be better educated than he has hitherto been in science, in art, in political economy. He must keep abreast of the age in his methods, his machinery, in knowledge of the requirements of markets, and above all, he must study to do good and honest work. The day will certainly come when a competition, fiercer than that which now exists, will take place, and woe be to him who is behind in the race. That day will come when our competitors will shake off the fetters which, under the guise of protection, cramp their energies, and hinder them from disputing with us our present industrial supremacy. When that day comes, some of us will have to rue the making of textile fabrics which are the commonest and least artistic in the world, and which, when the dishonest sizing is washed out of them, make excellent sieves ; or which are not adapted to the wants of the markets to which they are consigned. Lastly, he must do all in his power to promote education among his workpeople, as the principal, if not the sole means by which our country can in future hope to hold its own in the general competition.

To the workman every piece of advice which can be given, may be summed up in one word, Providence. This virtue

involves almost everything which affects the welfare of man, and carries in its train almost every blessing which can be enjoyed on earth.

For a man to be able to elevate himself and his belongings, materially and morally, it is absolutely necessary that he should save something out of his earnings ; that he should exercise self-restraint, and make some sacrifice, some little sacrifice to-day, in order to obtain some great benefit to-morrow.

The provident man ever bears in mind that good times are only one-half of life ; that, taking the world over, the sun shines but twelve hours out of the twenty-four ; and that it is in these good times, these twelve hours of light, that he must work and save up for the hours of darkness.

To be provident a man must be industrious, he must be temperate, he must be prudent in the matter of marriage. As regards sobriety, all that need be said here is, that intemperance carries in its train almost every curse which afflicts humanity. It is with regard to marriage that some advice is necessary.

The artisan and the labourer should study prudence in this respect, and not recklessly bring into the world human beings whom he does not clearly see his way to support, without an eternal fight to keep the wolf from the door. He should think of the struggle for existence involved in the simple fact that here, in Great Britain, one thousand fresh mouths have to be fed every morning, a fact which of itself is enough to account for much of the shameful crowding of our cities, the starvation wages of our lowest grades of labour, for the health destroying, death dealing, sweating system, and for most of the horrors which spring from the cruel competition of excessive numbers.

It is in the lower ranks that imprudence in this respect principally reigns. So long as trade and commerce are brisk, the constant increase of our population is met and provided for ; but the moment the tide turns, and there are, say five men looking for four places, either one of them has to go to the wall, or the five have to divide between them, and in unequal proportions, the wages which the four were getting.

All this is bad enough, but when the evil is aggravated by

bad laws and customs, as is the case when, owing to the breakdown of our land system, the population of the country comes to swell the ranks of the unemployed in the towns, it is time for the workman to inquire into a matter in which he is so vitally interested. And when he does look into it he will find that an immediate land reform is necessary, in order to restore the balance of society, and that nothing will so much conduce to the well-being of the community as a rectification of the evils which flow from our present system. Providence, moreover, when translated into action by saving, raises the workman at once into the rank of the capitalist, and gives him a force and a power which he can use at will. According to his circumstances and his tastes, he may improve his mind, or his surroundings, and thus raise himself in the social scale. By being a capitalist he can always command his market, and will no longer be compelled, by the thralldom of debt, to pay the often exorbitant profits of the middleman.

He can go into the co-operation of distribution, and make a second saving by getting much of what, under the wasteful and expensive system by which the poor are served, is diverted from him. His food, his clothing, and everything he consumes will not only be cheaper, but of better quality.

All these additional means will now be available for the co-operation of production, in which the workman should steadily aim to take part. When he has accomplished this he will, in his own person, have done much to reconcile the conflicting claims of capital and labour. He will represent both classes, will help to bring them together, will enable them to see the difficulties to which each is peculiarly liable, and thus make them understand each other, and more disposed to apportion fairly the profits which are the result of their combined action. By all this he will have done something towards solving the great problem which now nearly drives to despair many of those who in their different ways, and by their various lights, but with small success, are striving to better the lot of the great mass of mankind.

Having arrived at this stage, the capitalist workman will see the paramount necessity of education in its broadest sense, of education which shall comprise technical and artistic instruction, in which, until very lately, we Englishmen were behind

all the leading European nations ; and some teaching with respect to political economy, or the science which treats of the production and distribution of wealth. By no other means will he be able to hold his own against the highly trained heads and hands of other nations.

With artistic training he will not fall behind in the universal competition ; while political economy will teach him many things of which he is now ignorant, and give him a safe defence against the clap-trap of the economic quack. It will give him some knowledge, not only of the condition of his own country, but of that of others ; he will know their rates of wages, their working hours, and many other things which will inform his judgment and enable him to make just comparisons.

It will enable him, on the one hand, to check the action of his Trades Union when it appears to him that that action is contrary to sound principle ; and, on the other, will help him to guide his less instructed brethren on trying occasions, as when, for instance, the introduction of labour saving machinery or the sale of articles of foreign make interferes with their particular trade.

Lastly, he will see the vital interest which he, in common with the whole nation, has in turning out honest and good work, and will strive might and main to impress on others its necessity in order to avert the disaster which, sooner or later, is sure to attend dishonest and short-sighted practices.

For there is an eventuality which will have some day to be faced, and that is the casting off of the shackles which, under the name of protection, cripple the industrial energies of other nations. When that day comes, as assuredly it will, the advantage which we now possess by reason of our system of free imports will cease, and we shall be brought face to face with rivals who run their machines and work their bodies twelve, fourteen, and even sixteen hours a day against our nine and a half or ten.

Owing to our free importation our products are manufactured at a minimum money cost which is, of course, below that of the tax-burdened products of our protected rivals. By this means, and by the increased efficiency which our shorter hours confer on us, we hold our own against their longer hours.

When they shake off their trammels, however, a compe-



tion will begin such as the world has not yet seen, and it behoves all who have their own and their country's interest at heart to prepare for it.

Let us hope that if foreign nations have the wit to see the evils of Protection, they will also be enlightened enough to shorten their hours of labour, and thus, not only rescue their populations from the degrading toil they now undergo, but elevate generally the condition of labour.

If, adopting Free Trade, they do not shorten their hours, it is possible that we might then be compelled, in order to live, to repeal so much of our factory laws as affects adult labour.

But, whatever happens, we must not lose our trade through dishonest work ; and in the meantime we may congratulate ourselves on the soundness of the system on which our industrial fabric has been built up.

CHAPTER VI.

CONCLUSION.

WE have now to ask, what are the conclusions to which we are led by the preceding investigation?

In the first place we cannot but see that the depression is not confined to any particular country, but is universal; and that in many respects it is a novel state of things which is the result of agencies that have been brought into active operation during the last few years.

These agencies are the invention and enterprise which, stimulated by man's increasing mastery over the forces of nature, have resulted in increased powers of production and distribution, and in the improvement and cheapening of processes, and a consequent fall in prices, the fall being aggravated by an increasing scarcity of gold, the standard, and measure of value.

The grand result is nothing less than an industrial, social, and economic revolution, which, although highly beneficial to the community, has not been effected without loss and suffering to certain classes.

The profits of the producer, whether agricultural or manufacturing, have been reduced to a minimum. The trade of the merchant has been rendered precarious and unprofitable. In a word, capital has been the chief sufferer, labour the chief gainer; and there has been a diffusion and a more equal distribution of wealth.

Yet, notwithstanding all this, notwithstanding the unprecedented cheapness and plenty which reign, we see among us in many quarters, want and distress.

When we inquire closely how this is, we see in the first place that it is not owing to our Free Trade system, for we find these evils existing in greater intensity in countries where protection reigns, not only in the old countries of Europe where ages of misrule have left their mark, and where the nations are groaning *under the crushing* burden of armaments, but in the


new world, in the United States, where an all bountiful nature spreads her riches in boundless fertile regions, and the people are free from the curse of these armaments; it is in the United States, of all places in the world, that we find pauperism increasing while it is diminishing with us.

But we do see that such want and distress as exist among us are traceable, firstly, to the depression in other countries, which has reacted on us, and which must pass away before we can again gain ground; secondly, to our national characteristics of intemperance and improvidence; and thirdly, to our bad land laws.

For the privation which comes from the existence of depression abroad there is, of course, no remedy but time and patience. As to intemperance and improvidence, if they cannot be eradicated, they can at all events be lessened by an endeavour on all hands to raise the masses by education, by precept, by example, by the enactment of just laws.

Beyond these efforts society cannot go; everything else depends on the individual. As Herbert Spencer says, "What is the quality in which the improvident masses are so deficient? Self-restraint; the ability to sacrifice a small present gratification for a prospective great one. A labourer endowed with due self-restraint would never spend his Saturday night's wages at the public-house. Had he enough self-restraint, the artisan would not live up to his income during prosperous times and leave the future unprovided for. Were there no drunkenness, no extravagance, no reckless multiplication, social miseries would be trivial."

But a great amount of the existing destitution must be set down to the operation of our land laws. These have favoured the accumulation of land in few hands, have allowed the despoiling of our peasantry to the extent of millions of acres, have crippled our agriculture, have depopulated the country and crowded the towns, and have allowed the baneful leasehold system to grow up and to become one of the most fruitful sources of misery, disease, oppression, and wrong. To this evil we can at all events apply the remedy of a radical change, and it will be the business of those to whom the reins of power will soon be handed over to devise the mode and the method of the change.



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Finally, let us learn and take to heart the lessons of experience. The depression which weighs upon us will pass away, as others have done, and prosperity, but probably of a chastened nature, once more dawn upon us. Let us not, now in the dark time, be too much cast down, and when prosperity comes let us not be too elated. The saying, as old as Horace, tells us, in prosperous gales to draw in the flowing sail, and in narrow straits to preserve an equal mind. Whether in prosperity or in adversity, let us ever bear in mind that—

“THERE IS A TIDE IN THE AFFAIRS OF MEN.”

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